

# Acquisition Strategies



Milton I. McKinney  
HQ, IOC  
15 September 1998

# IOC Acquisition Household

Industry  
asked for

And another thing -- I want

- Long term commitments
- Input to solving problem
- Combined products
- Flexible requirements
- Sharing the good & bad
- Partnership
- Fair play

Yes dear

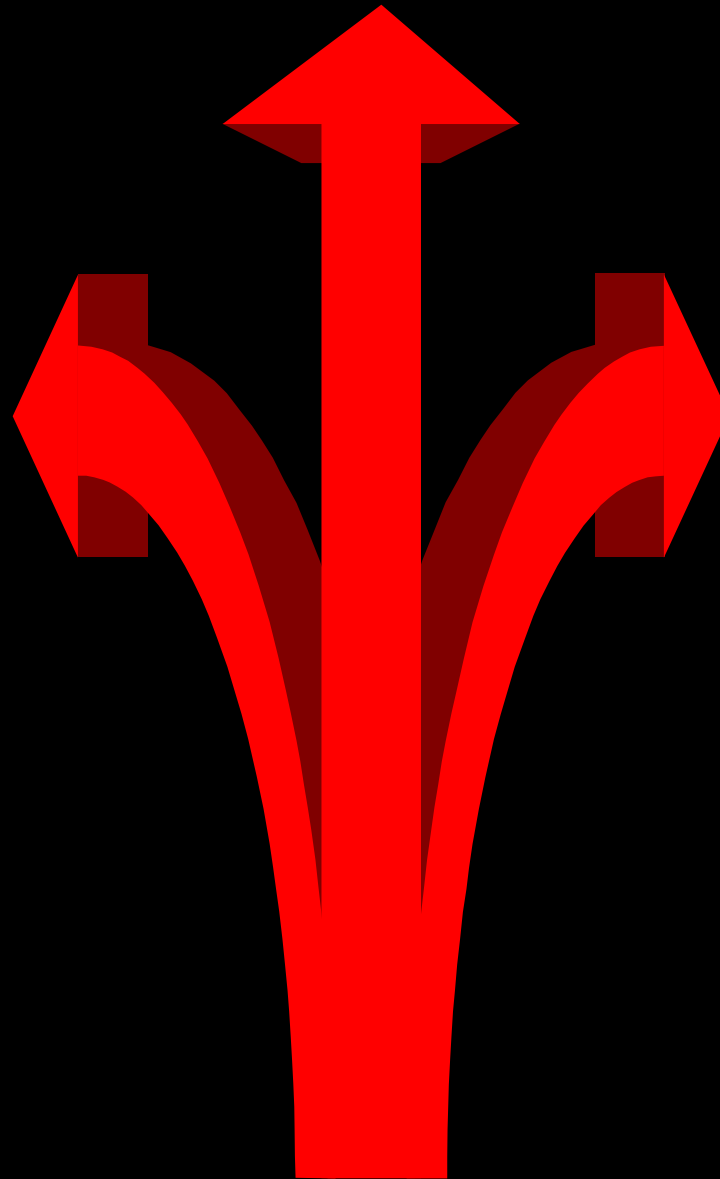
In the past  
Government  
listened, but  
did nothing



YEAR 2000

PRESENT

Managing  
Acquisition  
During  
Period of  
Great Change



FUTURE

Managing  
Ammunition  
into Next  
Decade

# Acquisition Strategies

- Tank Ammunition
- Explosives
- Small Caliber Ammunition
- Load, Assembly, Pack
- Medium Caliber
- 20mm
- 40mm
- Demil
- GOCO

# 120mm Tank Ammunition Multi-year I Program Structure

- Program management (Training Rounds)
  - IOC cross functional co-located team
- Contract structures
  - 4 year multi-year with restricted sources
    - System Contractors: PRiMEX Technologies and Alliant Techsystems
    - Sub-tier Production Base: IAAAP (Mason & Hanger), RAAAP (Alliant Techsystems), Armtec Defense Products
- Results
  - 21% savings (\$136 million)

# 120mm Tank Ammunition MYII Acquisition Strategy

- Best value source selection criteria
- Key factor → risk mitigation
- Source selection objectives
  - Timely delivery
  - Quality product
  - Affordable price
  - Partnering mindset

# 120mm Tank Ammunition MYII Acquisition Strategy (Cont'd)

- 5 year multi-year restricted competition
  - Incumbent system contractors
  - No sub-tier restrictions
- J&A approved under “Exception 1” on 19 Feb 98

# Explosives

## Compete the Problem

Peacetime  
HMX/RDX

Replenishment

R & D  
Explosives  
20th/21st  
Century

The  
Facility

- HMX/RDX at the best cost and quality and on time
- Provide R&D for products of the 20th and 21st century
- Have replenishment capacity
- Develop/execute a future strategy for the Holston facility

Involve industry in  
developing the solution

# Explosives

## The Solution

Peacetime  
HMX/RDX

Replenishment

R & D  
Explosives  
20th/21st  
Century

The  
Facility

Royal Ordnance of North America is the successful offeror

- Manufacture of RDX/HMX at Bridgewater, UK until Holston is reconfigured
- R&D = pilot through production (ARDEC, Indianhead, DERA, and Thiokol)
- Use Holston with efficiencies for replenishment
- Facility use, to be marketed
- Savings - \$184 million

# Small Caliber Ammunition Acquisition Strategy

- Presolicitation Conference 9 Jul 98
- Industry to provide solutions
  - Manufacturer small caliber ammunition at the best cost and quality, on time including NATO approved U.S. design
  - Provide for R&D
  - Capacity for replenishment
  - Facility use at Lake City AAP and NATO Test Facility that makes sense

# Small Caliber Ammunition Acquisition Strategy

- Full and Open competition
- Best value (price, past performance, and technical
- Long term
- Firm fixed price
- Range prices
- Two separate contracts: Ammunition items and facility use

# Load, Assemble, & Pack Ammunition

## “Best Value”

### *Army Commits*

- Indemnification
- 5 yr facilities-use contract (same as Iowa AAP)
- Maintain or compete workloaded items. Intend to workload for at least 2 years
- Follow through on planned investments
- Total customer partnering

Savings 25.5% (\$153 million)

### *American Ordnance Commits*

- Guaranteed 20% LAP price reduction on IOC projected workloaded items; reduction % ramps up from 1999, 2000, & 2001 to 20% by 2002 & in 2003
- Fixed viability
- Sensible investment (up to \$10M)
- Radical & continuous improvement
- Facilities use management
- Total customer partnering

# 25mm-30mm Ammo Acquisition Strategy

## FY 99-03

- Restrict to the United States and Canada
- Retain two sources via split awards
- Consolidate 25mm/30mm Cartridges when prudent
- Award multi or multiple year contract(s) in FY 99 for FY 99 - FY 03
- Exclude M919 25mm APFSDS-T Cartridge due to non-transition

# 20mm Ammo Acquisition Strategy

## FY 99-03

- Restrict to the United States and Canada
- Compete annually
- Award single “winner take all” contract annually
- Reexamine strategy if 20mm ammo requirements increase in later years

# 40mm Acquisition Strategy

## M918 Projectile Assembly

- Competitive 8(a) procurement
- Largest 8(a) concern set-aside in IOC
- Firm fixed price contract
- 100% unevaluated option
- Potential future multi-year systems buy
- LAP at American Ordnance

# Ammo Demil Acquisition

- Enhanced small business participation
- 5 year ID/IQ long term contract
- Munitions - greater diversity
- Two awards to maintain out year competition
- Government/industry shared risk
- Less reliance on firm fixed price contracts
- Contractors will have on-line access to TDPs
- Teaming with organic operators

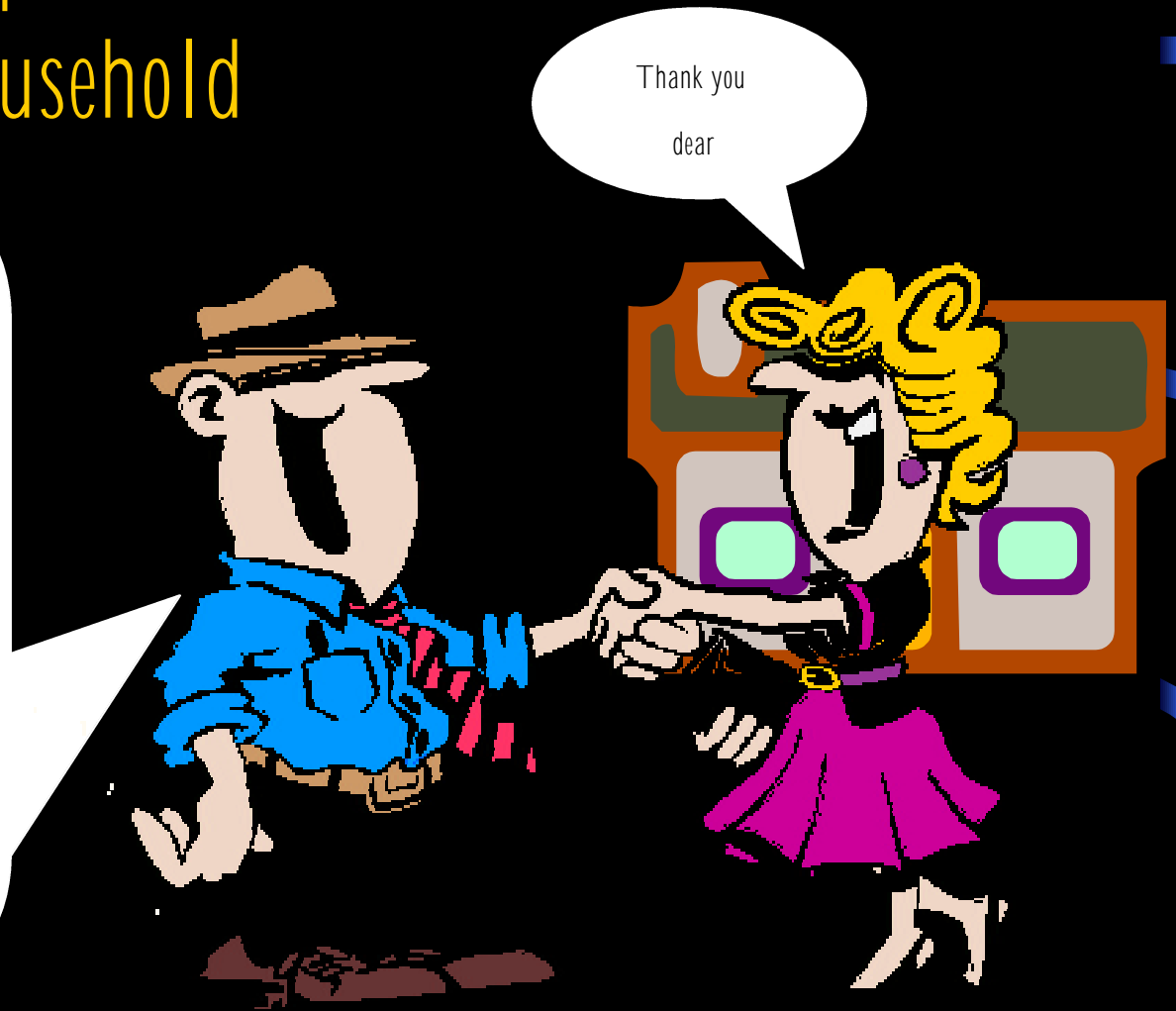
# Proposed Active GOCO Strategies

Holston	Awarded
Lake City	Award 2000 – 5 yr. award + 5 priced 1 yr. options
Hawthorne	Award 2000 – 1 yr. award + 6 priced 1 yr. options
Lone Star	Compete within 5 yrs.
Milan & Iowa	Non compete award thru 2003
Radford	Compete 2003

# IOC Acquisition Household

## Finished projects

- IPT
- Partnering
- Army Credit Card Program
- Restructuring Organizations & Processes
- Information Technology and Electronic Commerce
- Use Common Processes
- Performance Based Contracts
- Removing Barriers to Business Judgment
- Market Research
- Innovative Contracting
- System Contracting



# IOC APBI

2 - 3 March 1999

Holiday Inn, Moline, IL